

Message Text

LIMITED OFFICIAL USE

PAGE 01 SAN JO 04369 151838Z

70

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-04 FRB-01

INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-01 SIL-01 OMB-01 NSC-05 SS-15 STR-01

CEA-01 AGR-05 SWF-01 FEA-01 DODE-00 PM-03 H-01 L-02

PA-01 PRS-01 USIA-06 /081 W
----- 123856

R 151750Z NOV 74

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 8592

INFO AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

LIMITED OFFICIAL USE SAN JOSE 4369

E.O. 11652: N/A

TAGS: ECON CS

SUBJECT: PRESIDENT ODUBER SPEAKS ON THE ECONOMY

1. SUMMARY. PRESIDENT ODUBER ADDRESSED THE REGULAR MONTHLY LUNCHEON MEETING OF THE AMERICAN CHAMBER OF COMMERCE ON NOVEMBER 13. HE SPOKE FRANKLY ABOUT THE CURRENT STATE OF THE COSTA RICAN ECONOMY, GOVERNMENT ECONOMIC PROGRAMS, POSSIBLE FUTURE PLANS, AND HIS PERCEPTIONS OF ECONOMIC PROBLEMS. THIS TELEGRAM SUMMARIZES THE MORE SIGNIFICANT OR INTERESTING STATEMENTS HE MADE IN THE COURSE OF A PRESENTATION THAT LASTED APPROXIMATELY ONE HOUR, INCLUDING A PERIOD FOR QUESTIONS. END SUMMARY.

2. GOALS AND PERFORMANCE OF THE GOVERNMENT - PRESIDENT ODUBER SAID THAT THE MAIN GOAL HE SET FOR HIS GOVERNMENT WHEN HE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SAN JO 04369 151838Z

TOOK OFFICE WAS TO MAXIMIZE COSTA RICA'S ECONOMIC AND

SOCIAL DEVELOPMENT. MAINTAINING A FAVORABLE INVESTMENT CLIMATE HAS ALSO BEEN AN IMPORTANT ELEMENT IN ALL GOVERNMENT DECISION MAKING. AS TO HIS STYLE OF OPERATION, ODUBER STATED THAT HE HAS EMPHASIZED THE IMPORTANCE OF KEEPING IN CLOSE PERSONAL TOUCH WITH COSTA RICANS AT ALL SOCIAL LEVELS AND IN ALL PARTS OF THE COUNTRY AND HAS ALSO SOUGHT TO AVOID CONTROVERSY AND PROMOTE NATIONAL UNITY. HE OBSERVED THAT HIS DESIRE TO AVOID DOING CONTROVERSIAL THINGS HAS CAUSED SOME TO CHARGE HIM WITH DOING NOTHING.

3. UNEMPLOYMENT - ODUBER BELIEVES THAT UNEMPLOYMENT IS NOT A SIGNIFICANT PROBLEM IN COSTA RICA. THERE IS FULL EMPLOYMENT AND IN FACT WORKERS ARE IN SHORT SUPPLY IN CONSTRUCTION AND IN AGRICULTURE, PARTICULARLY DURING THE COFFEE HARVEST SEASON.

4. INFLATION - ODUBER BELIEVES THAT THE MAIN JOB IN COSTA RICA NOW IS TO COMBAT INFLATION AND TO MITIGATE ITS EFFECTS. HIS CONTACTS WITH THE PEASANTRY SUGGEST THAT THEY ARE NOT BEING HARMED MUCH BY INFLATION AT THIS TIME, BUT INFLATION IS HURTING THE MIDDLE CLASS. LOWER INCOME FAMILIES IN THE CITIES ARE ALSO BEING HURT BY PRICES THAT ARE RISING FASTER THAN WAGES. HIS ADMINISTRATION'S ANSWER TO THIS PROBLEM IS THE ASIGNACIONES FAMILIARES BILL WHICH WOULD PROVIDE FAMILIES ALLOWANCES AND INCREASED GOVERNMENT SERVICES TO THE POOR. ODUBER IMPLIED THAT THIS PROGRAM WOULD NOT BE INFLATIONARY, A PUZZLING IMPLICATION AS THE PAYROLL TAXES TO FINANCE IT WOULD INCREASE COSTS.

5. GOVERNMENT PROGRAMS - AUSTERITY IS ONE ANSWER TO INFLATION AND MUST BE PRACTICED TO A GREATER EXTENT BY COSTA RICA'S MIDDLE CLASS. PRICES ARE RISING SHARPLY, BUT INSTEAD OF BUYING LESS CONSUMERS ARE BUYING MORE. ODUBER CONSIDERS THIS NOT A PROBLEM OF INFLATION BUT OF PUBLICITY WHICH PROMOTES THE "CONSUMER SOCIETY." COSTA RICANS MUST LEARN TO SPEND LESS. BUSINESSES ARE ALSO SPENDING TOO MUCH. INVENTORIES OF RAW MATERIALS AND FINISHED GOODS ARE TOO HIGH. THESE PROBLEMS WILL BE ATTACKED BY THE GOVERNMENT'S NEW CREDIT RESTRICTIONS WHICH ODUBER EXPECTS WILL SAVE \$20 MILLION TO \$30 MILLION IN FOREIGN EXCHANGE. ODUBER SAID THAT HIS GOVERNMENT IS LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SAN JO 04369 151838Z

CONSIDERING ALSO IMPOSING CONSUMPTION TAXES ON NON-ESSENTIAL GOODS. EXPORTS, ON THE OTHER HAND, WILL BE STIMULATED BY ELIMINATING THE EXPORT TAX FOR MOST EXPORTS OTHER THAN SUGAR AND BANANAS. HE WOULD HOPE TO DO THIS IN EARLY 1975.

6 FOREIGN RELATIONS - ODUBER ANNOUNCED THAT HE WILL TRAVEL NOVEMBER 16 TO SAN SALVADOR TO ATTEND THE INTERNATIONAL

INDUSTRIAL FAIR. WHILE THERE, HE EXPECTS TO MEET WITH OTHER
CENTRAL AMERICAN LEADERS. ODUBER ALSO MENTIONED THAT HE
HOPES TO EXPAND AND IMPROVE COSTA RICA'S RELATIONS WITH THE
COUNTRIES OF THE CARIBBEAN, CENTRAL AMERICA AND THE PORTION OF
SOUTH AMERICAN BORDERING ON THE CARIBBEAN --A REGION HE REFERS
TO AS "MIDDLE AMERICA". HE OFFERED NO SPECIFICS, HOWEVER.

LANE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, POLICIES, SPEECHES, CHAMBERS OF COMMERCE
Control Number: n/a
Copy: SINGLE
Draft Date: 15 NOV 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: cunninfx
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANJO04369
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740330-1075
From: SAN JOSE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741139/aaaabhal.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: cunninfx
Review Comment: n/a
Review Content Flags:
Review Date: 10 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2002 by boyleja>; APPROVED <13 MAR 2003 by cunninfx>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESIDENT ODUBER SPEAKS ON THE ECONOMY
TAGS: ECON, CS, (ODUBER QUIROS, DANIEL)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005